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Chairman: Mr. Bródi ..... (Hungary)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Ms. McLurg

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08-59030 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 120: Improving the financial situation of the United Nations (*continued*) (A/63/514)

1. **The Chairman**, recalling that the Under-Secretary-General for Management had briefed the Committee on the current financial situation of the Organization at its 13th meeting, held on 28 October 2008, said that her statement had been issued as a report of the Secretary-General (A/63/514).

2. **Mr. Yamazaki** (Controller) said that, since 28 October 2008, in addition to the 31 Member States listed in the report, Angola had paid in full all assessed contributions due and payable. Also since that date, Jordan and Peru had paid in full their assessed contributions to the regular budget, and the United Arab Emirates had paid in full its assessed contributions to the international tribunals.

3. As indicated in the report, the final outcome for 2008 depended in large measure on the payments made in the remaining months of 2008. The amounts outstanding as at 24 October 2008 had been $756 million in respect of the regular budget and $2.9 billion in respect of peacekeeping operations, as indicated by the Under-Secretary-General at the 13th meeting. The United States had subsequently paid $216 million in regular budget assessments and China had paid $84 million in peacekeeping assessments.

4. **Mr. Cazalet** (France), speaking on behalf of the European Union, said that the European Union attached great importance to the payment of assessed contributions in full, on time and without conditions, and to the maintenance of budgetary discipline.

5. The European Union was pleased that, compared to the same time period in 2007, an additional eight Member States had paid their assessed contributions in full. It noted that the largest arrears were owed by a single Member State.

6. The situation of the international tribunals for Rwanda and the former Yugoslavia appeared to be healthier. Given that the tribunals' work was approaching an end, it was expected that their budgets would be reduced. The financial situation of the capital master plan also appeared to be sound.

7. In general, the main indicators showed a mixed financial situation. Member States should bear in mind that the Organization could carry out its mission only if contributions were paid in full. The European Union, which accounted for some 40 per cent of total contributions, would continue to promote the transparent and efficient use of resources.

8. **Mr. Hunte** (Antigua and Barbuda), speaking on behalf of the Group of 77 and China, reaffirmed that full and timely payment of assessed contributions was an obligation under the Charter. He was disturbed that the current deficit was expected to worsen, leading to a possible cash shortage by the end of the year, and that the Organization would have to borrow from reserve accounts and closed peacekeeping accounts. The Organization was in that situation mainly because of a large outstanding payment by one Member State — a problem which must be resolved permanently.

9. Outstanding payments for peacekeeping operations had increased compared to the end of December 2007. While the Group understood that procedural difficulties could briefly delay the payment of peacekeeping assessments, Member States must take seriously the consequences of persistent non-payment. The Group reiterated its opposition to cross-borrowing from peacekeeping operations; cash surpluses should be used to meet arrears for troops and contingent-owned equipment or returned to individual Member States.

10. The debt to troop-contributing countries had decreased from $779 million at the end of 2007 to a projected $645 million at the end of 2008. That would not fundamentally improve the situation, since troop contributors were mostly developing States that could not maintain their troops or equipment on their own indefinitely. All major contributors must pay their assessments in full, on time and without conditions.

11. One Member State accounted for 85 per cent of unpaid assessed contributions for the international tribunals. Any substantial improvement therefore depended on the action of that Member State.

12. The Group noted that 121 States had paid their assessed contributions to the capital master plan and urged the Secretary-General to ensure full and effective implementation of past and future resolutions on that project.

13. The Group was committed to the provision of the additional resources that would be needed for critical activities and reforms in 2009, especially those aimed at strengthening the development pillar. It hoped that

other Member States, in particular those that had the capacity to pay their arrears, were similarly committed. While it was understandable that, owing to social and economic conditions beyond their control, certain Member States could not meet their obligations, the main contributors should make a renewed commitment to meet their Charter obligations so that the Organization could attain its objectives and operate in an efficient manner.

14. **Mr. Ramasamy** (Mauritius), speaking on behalf of the African Group, said that the African Group was concerned that assessments and payments to the regular budget had both been lower as at 24 October 2008 than as at 31 October 2007, by $174 million and $25 million respectively. While encouraged that 133 Member States had paid their regular budget assessments in full as at 24 October 2008, it was disturbed that, of the $756 million that remained outstanding, 94 per cent was owed by a single Member State. Similarly, 62 per cent of the outstanding contributions to the peacekeeping budget, over $2.9 billion, was owed by just two Member States, and 21 per cent was owed by four other Member States. The African Group was concerned that non-payment of those contributions would jeopardize the implementation of the Organization's activities, including peacekeeping.

15. The Group attached great importance to the work of the international tribunals and was pleased that their financial position remained relatively stable. It was also encouraged that payments totalling $766 million had been made against assessments for the capital master plan and that a number of States which had not opted for one-time payment had made advance payments.

16. The Group commended the 32 Member States that had paid their assessments in full and on time and urged the remaining States to pay their contributions.

17. The current food, fuel and financial crises might affect the ability of developing countries to meet their obligations. It was therefore important that no effort should be spared to correct the weaknesses in the global financial architecture.

18. **Mr. Ruíz Massieu** (Mexico), speaking on behalf of the Rio Group, said that various Rio Group countries had paid all their assessed contributions in full, which demonstrated their strong commitment to the Organization. In some cases, however, domestic budget problems and urgent social needs had led to delayed payment.

19. The Organization's financial situation had remained relatively unchanged since 2007. Because some Member States had not paid their assessments in full, the financial situation remained uncertain. The Rio Group noted that it might be necessary to borrow $148 million from reserve accounts before the end of the year and was concerned that that could become a trend. The Organization could not fulfil all its mandates unless Member States met their financial commitments on time.

20. The Rio Group acknowledged that peacekeeping operations had increased in number, size and cost and that such operations were unpredictable. It was nevertheless concerned that, in 2008, cross-borrowing among peacekeeping accounts had doubled in comparison with the previous year, reaching $117 million. Although the situation had improved somewhat, countries continued to experience delays in reimbursements for troops and contingent-owned equipment. All States were urged to fulfil their commitments in a timely manner, to enable the Organization to effectively carry out its core peacekeeping functions.

21. Lastly, Member States must honour their obligation to bear the expenses of the Organization as apportioned by the General Assembly, in accordance with the Charter of the United Nations.

22. **Mr. O'Brien** (Australia), speaking also on behalf of Canada and New Zealand, said that, given the current uncertain financial climate, it was all the more important to modernize and strengthen the United Nations so that it could better manage its core programmes and emerging challenges.

23. While noting that, in general, the Organization's financial situation had not significantly improved since 2007, Australia, Canada and New Zealand were pleased that unpaid assessments for the international tribunals and the capital master plan had declined compared to October 2007. They further noted that assessments and payments had both been lower as at 24 October 2008 than as at 31 October 2007 and that the decrease in assessments for 2008 was the result of budget adjustments, primarily for special political missions, which had been incorporated in assessments for 2007.

24. The total amount outstanding for peacekeeping operations stood at over $2.9 billion. While that amount was approximately $198 million higher than at the end of 2007, it was $575 million below the level as at 31 October 2007. With peacekeeping missions increasing in number, size and complexity, it was essential that they should receive sufficient resources to effectively carry out their mandates. The 160 Member States that had not yet paid their assessments were urged to do so, in full and without conditions, to ensure the safety of United Nations military and civilian personnel on the ground and prevent delays in reimbursing troop-contributing countries.

25. Australia, Canada and New Zealand noted the Controller's updated information regarding the number of Member States that had paid their regular budget contributions but were disappointed that 58 countries had chosen not to honour their obligations under the Charter, with one Member State accounting for the majority of the amount outstanding.

26. The three delegations were concerned that the United Nations might have to borrow $148 million from reserve accounts to cover regular budget expenditures unless arrears were addressed. Again, they urged Member States to fulfil their Charter obligations as quickly as possible, paying in full and without conditions, to ensure that the implementation of United Nations programmes in 2008 would not be compromised.

27. The decision to retain funds in closed mission accounts in order to manage cash shortfalls in other accounts penalized the Member States that had paid their assessments. The continued retention of such funds was a short-term solution to cash-flow problems caused by the many Member States that had failed to honour their obligation to pay. If the General Assembly wished to maintain its restrictions on cross-borrowing, it must provide appropriate liquidity for all peacekeeping missions and the international tribunals.

28. The "honour roll" contained a noteworthy 32 Member States, including both developed and developing countries, which was a marked improvement over previous years. Australia, Canada and New Zealand looked forward to the day when an honour roll would no longer be necessary because all Member States had fulfilled their Charter obligations by paying in full, on time and without conditions.

29. **Mr. Gatan** (Philippines), speaking on behalf of the Association of Southeast Asian Nations (ASEAN), said that the programmes of the three main pillars of the United Nations, namely peace and security, human rights and, most importantly, development, could not be implemented without sufficient resources. The current global financial crisis only reinforced the need for Member States to comply with their legal obligation to bear the Organization's expenses. At the same time, due consideration must be given to Member States that were temporarily unable to meet their commitments, owing to financial difficulties.

30. ASEAN noted that the Organization's fiscal health presented a mixed picture but was pleased that 133 Member States had paid their regular budget assessments in full as at 24 October 2008, compared to 126 at the end of October 2007. It was concerned at the large increase in unpaid assessments and noted that the majority of the outstanding debt was owed by only a few Member States. If those States did not meet their financial obligations, the Organization might suffer cash shortfalls and an overall decrease in the General Fund.

31. ASEAN was pleased that unpaid peacekeeping assessments had decreased from $3.5 billion in October 2007 to $2.9 billion in October 2008 and noted that $227 million was available for possible cross-borrowing by active peacekeeping missions, compared to $190 million in 2007. It reiterated its disapproval of cross-borrowing from closed peacekeeping missions and hoped that the Secretariat would exercise creative cash-flow management to prevent that.

32. Despite domestic and economic difficulties, many developing countries continued to contribute resources to peacekeeping operations. ASEAN remained concerned at the delayed reimbursement of troop-contributing countries but was encouraged that, based on revised projections, the amount outstanding at the end of 2008 would be some $645 million, significantly lower than the projection made in May 2008, and well below the amount of $779 million outstanding as at 31 December 2007. It urged the Secretariat to remain vigilant in that regard.

33. **Mr. Ali** (Malaysia) said that, despite the progress made in the financing of the regular budget, peacekeeping budgets and the budgets of the tribunals and the capital master plan, the financial outlook of the Organization remained uncertain and securing a

healthy and stable financial position for the United Nations remained difficult. However, the current problems notwithstanding, a number of fundamental principles must be upheld. First, the successful reform and functioning of the Organization required a sound financial footing. Second, the Organization must have the resources it needed to fulfil its mandates and carry out its responsibilities. Third, capacity to pay must continue to determine Member States' contributions. Finally, Member States should fulfil their obligations in full, on time and without conditions.

34. The financial planning and budgetary process should in turn be governed by a number of basic principles. All the pillars of the Organization — development, human rights and peace and security — should be given equal attention and treatment with regard to resource allocation. In addition, all mandated programmes and activities should receive adequate, continuous and predictable funding, and clear and objective priorities and realistic timelines, resources and capacities should be established for them.

35. Unless the Member States demonstrated the political will to acknowledge and address those principles, and to honour their assessed contributions and settle their arrears, the Organization's financial situation would remain fragile and it would be unable to function to its full ability.

36. **Mr. Shin** Boo Nam (Republic of Korea) said that one of the most important obligations of the Member States was to pay their assessed contributions in full, on time and without conditions. His delegation welcomed the indication that current unpaid regular budget and peacekeeping assessments were below the levels of 31 October 2007, that more Member States had paid their assessments in full by the end of October 2008 than by the end of October 2007, and that the debt owed to troop-contributing countries was likely to continue its decline. Reduction of the debt to Member States should be given greater importance, as it was a matter of accountability between Member States and between the Secretariat and the Member States.

37. The worldwide economic slowdown threatened to overshadow the daily lives of people across the globe, and the activities of the Organization were also likely to suffer its effects. Lower growth in the domestic economies of the Member States led to lower growth in tax revenue and higher expenditure on economic stimulus plans. Under those circumstances, excessive increases in assessed contributions to the United Nations would be difficult to accept, and the Organization's budget would be scrutinized closely. His delegation urged the Secretariat to redouble its efforts to enhance cost-efficiency in all areas.

38. In his delegation's view, the time had come to look at the situation from a different perspective. The current climate of economic hardship was a valuable opportunity for Member States to demonstrate their commitment to the role of the United Nations, whose efforts to boost worldwide development should not be reduced. In the long term, economic growth in developing countries would lessen volatility in economic cycles, thus upholding world demand.

39. **Mr. Hoe** Yeen Teck (Singapore) said that the Organization's weak funding base adversely affected the ability of the Secretariat to carry out its work in a timely and effective manner. The same call for payments to be more regular and dependable was made every year, but resulted in little change in the situation, leaving the regular and peacekeeping budgets and the budgets of the tribunals in a precarious position.

40. Only four fifths of total assessed contributions had been received by the end of October 2008, with over 94 per cent of the amount still outstanding being owed by a single contributor. While some countries faced genuine difficulty in paying their assessments, they did not account for a large portion of the budget. The real problem was non-payment by major contributors, which were not being asked to pay more than their assessment, but simply to pay in full, on time and without conditions. If they did so, many financial difficulties would be eased and the avoidable, secondary, effects of non-payment would be eliminated. Those effects included the immobilization of the resources of closed peacekeeping missions. Certain Member States' practice of withholding contributions in the name of addressing the Organization's inefficiencies was not the right approach. While his delegation did not dispute the need to deal with those inefficiencies, it believed that a more systematic, objective and consultative method was needed. Ultimately, the sound functioning of the Organization depended on the Member States and their willingness to fund it.

41. **Mr. Cumberbatch Miguén** (Cuba), said that the same picture of the Organization's financial situation was presented to the Committee as an annual ritual.

The main contributor, which had granted itself the right to dictate to the remainder of the membership what to do and what not to do, owed 94 per cent of the arrears to the regular budget, 33 per cent of the arrears to the peacekeeping budget and 85 per cent of the arrears to the budgets of the tribunals. In 2000, at the same point in the year, it had owed 81 per cent of the arrears to the regular budget. It was ironic that while the developing countries were making enormous efforts to fulfil their financial obligations to the Organization, the United States of America, which bore responsibility for the main distortion in the calculation of the scale of assessments, was trying to evade its financial responsibilities, proposing new methodologies which were unrelated to the principle of capacity to pay.

42. Cuba's commitment to the Organization, meanwhile, was undeniable. It was keeping its contributions to the regular budget and to the budgets of the capital master plan and the tribunals up to date, and had made regular payments, with more to follow shortly, to the budgets of peacekeeping missions. Those payments had been made despite the country's economic circumstances and the effects of the genocidal United States financial, economic and commercial embargo.

43. Once again, Cuba condemned the fact that it was denied the ability to use the United States dollar in international transactions, affecting its capacity to pay, exposing it to currency fluctuations, and forcing it to channel its United Nations contributions via third parties. It had been forced to use the latter approach to pay for a patent application lodged with the World Intellectual Property Organization, as the Swiss banks involved had refused to continue accepting Cuban payments, citing the embargo. The Bush Administration's contempt for the Organization was clear, as, at the end of October 2008, 185 out of the 192 Member States had called for an end to the criminal actions of the United States of America.

44. His delegation, which followed developments in the Organization's financial situation extremely closely, and believed that the Organization's ability to take effective action was directly proportional to the resources available for such action, was surprised and outraged at the offhand treatment of the 2 per cent cut in the budget for the biennium 2008-2009 and the realignment of expenditure in the budget for the biennium 2010-2011. The explanations provided in informal consultations were absurd and unacceptable.

45. It was not enough to have reduced the budget put forward by the Secretary-General by $400 million, and voted on the result. Even afterwards, additional cuts had been demanded, despite much of the ongoing reform being in the interest of the developed countries. Such actions must be brought to an end, being contrary to the principles of responsibility and accountability. Member States' political support of the Organization should not be a game. The Member States should instead express their support by fulfilling their legal obligation to contribute to its financing. Contributions should not be withheld in order to dictate positions in the Committee's deliberations. Cuba would not yield to such pressure.

46. **Mr. Shukla** (India) said that the payment of assessed contributions in full, on time, and without conditions was not just an obligation under the Charter of the United Nations, but also a moral obligation. While sympathetic consideration should be given to those Member States unable to pay due to circumstances beyond their control, and while Member States were entitled to hold the Secretariat accountable for efficient and effective delivery of the mandates they had conferred on it, they should also ensure the provision of timely and adequate resources for the implementation of those mandates. That made the payment of assessed contributions in full and on time all the more necessary.

47. Although welcoming the decrease in unpaid assessments in October 2008 compared to October 2007, his delegation was concerned that the still considerable outstanding balance of assessments, 94 per cent of which was owed by a single Member State, could affect the Secretariat's ability to fulfil its mandates. While the deficit in the cash position of the regular budget could be blamed partly on the general weakening of the dollar compared to the budgeted exchange rates, in addition to expenditure on special political missions, it was also a sign of poor budgetary practices, exacerbated by non-payment of assessed contributions, and should be addressed urgently.

48. As a major troop-contributing country with significant quantities of contingent-owned equipment deployed with peacekeeping operations, India was particularly troubled by the outstanding assessed contributions for peacekeeping operations, a situation partly caused by the financial cycle of the peacekeeping budget, but mostly caused by non-payment by Member States. As in the case of the

regular budget, the unpaid assessments for peacekeeping operations were highly concentrated, with 62 per cent owed by just two Member States.

49. The delay in receipt of contributions from Member States adversely affected the Secretariat's ability to make quarterly payments to States contributing troops and equipment to peacekeeping operations. While India did not contribute to peacekeeping operations as a commercial enterprise, but rather as a manifestation of commitment to the principles and purposes of the Charter of the United Nations, it took the signing of a memorandum of understanding regarding the terms and conditions of its participation in peacekeeping operations as a signal that all the parties involved would fulfil their obligations. Delayed payment or the absence of payment for troops and contingent-owned equipment reflected poorly on the Organization and forced troop-contributing countries to explain to their national legislatures why the debt was owed. Unless the situation was rectified, it could harm Member States' commitment to future peacekeeping operations. Although the Organization's debt to Member States was projected to be lower in December 2008 than one year previously, it was still considerable, eroding the confidence of the peoples which the United Nations aspired to serve. As an integral part of a joint effort to achieve prudent budgetary and financial management, Member States must therefore help the Organization to reach zero indebtedness by fully meeting financial obligations in a timely manner.

50. **Mr. Diab** (Syrian Arab Republic) said that Member States had an obligation under the Charter to pay their assessed contributions in full, on time and without conditions, thus enabling the United Nations to carry out mandated activities. His delegation regretted the weak financial situation of the Organization, which was due to the fact that some Member States were in arrears with their contributions. It was understandable that circumstances made it impossible at times for some developing countries to pay their assessed contributions, even though those contributions amounted only to a small percentage of the overall budget. When such States overcame their difficulties, they paid their contributions because they knew they had an obligation under the Charter to do so.

51. His delegation had difficulty understanding, however, why the major contributor to the United Nations budget, whose economy represented over 30 per cent of the world economy, had not been fulfilling its financial obligations. It should be noted in that connection that the principle of capacity to pay, which was used in calculating the scale of assessments, did not apply to the largest contributor so that that contributor's assessed contribution was less than it would otherwise have been. He recalled that in 2000 the major contributor had asked for a reduction in the ceiling on the scale of assessments from 25 per cent to 22 per cent and had said that, after the reduction had been made, it would pay its assessed contributions in full. On that basis the Member States had agreed to the reduction to 22 per cent, believing that the financial situation of the Organization would thereby be improved.

52. Eight years later the largest contributor had failed to keep its promises and again owed the largest amount to the United Nations budget, amounting to over two thirds of the total arrears of contributions. That was the main reason for the precarious state of the Organization's finances.

53. It has to be asked why those promises had not been kept, and whether there had been a deliberate decision not to pay. The question also arose of whether it was reasonable, after so many years of failure to pay its contributions on time and without conditions, for the Member State concerned not to have adopted legislation to avoid such arrears.

54. In conclusion, he reaffirmed the obligation of all Member States to pay their contributions in full, on time and without conditions because that was the determining factor in the financial health of the Organization.

55. **Mr. Sugiura** (Japan), reiterating his delegation's basic beliefs regarding the financial situation of the Organization, said that Member States should meet their responsibility to pay assessed contributions in full and on time; and the Secretariat should be accountable and utilize resources efficiently and effectively. With those principles in mind, Japan had faithfully fulfilled its obligations in spite of its Government's very difficult fiscal situation. It had made a one-time, accelerated payment of its assessment for the capital master plan, and hoped that that would improve cash balances and contribute to smooth implementation.

56. While the position of the regular budget might seem to have improved by comparison with the situation one year previously, the proportion of unpaid

contributions had remained almost unchanged. His delegation was concerned at the prospect of the Organization having to borrow much more heavily than in the previous year from reserve accounts, believing that its cash balance should have become healthier with the decrease in unpaid contributions in 2008. The Secretariat should improve its management of cash resources.

57. Another concern was the fact that the Secretariat had proposed a substantial volume of add-ons to the regular budget. In that connection, his delegation recalled that the Secretary-General was bound by General Assembly resolutions 41/213 and 42/211, which had stood the test of time. Moreover, the current global economic problems would place extra financial strains on the Governments of Member States. The United Nations could not therefore carry on as usual, but should instead make every effort to keep its programme budget within the means of the Member States. Budgetary discipline should be maintained, additional costs should be absorbed within existing resources and add-ons should be kept to a minimum.

58. While the regular budget shortfall had been attributed to expenditure on special political missions and the general weakening of the dollar, the Member States had been informed, at the time assessments for the current budget had been established, that expenditure on special political missions had in fact been lower than in the previous year. It had since increased significantly. The mandate and budget of each special political mission should be examined thoroughly in order to ensure efficiency and effectiveness. In addition, the relative impact of currency exchange rates should be carefully considered: while the United States dollar had weakened against some currencies, it had strengthened against the euro.

59. Noting that the peacekeeping operations budget had reached an annual level of over three times that of the regular budget, his delegation expressed concern at the significant increase in peacekeeping assessments in recent years, placing a burden on Member States and making timely payment difficult. In order to make peacekeeping operations more efficient and effective, the Secretariat should examine comprehensively the relationship between such operations and special political missions, in the interests of avoiding duplication of effort and securing a clear line of command for every mission. Recalling the absence from the information presented to the General Assembly in May 2008 of details of which Member States had failed to pay their peacekeeping assessments at that time, his delegation requested the Secretariat, for the sake of transparency, to provide updated information on arrears at the second part of the resumed sixty-third session.

60. **Mr. Alouan Kanafani** (Bolivarian Republic of Venezuela) said that States Members of the United Nations stood in the same relation to the Organization as citizens to a State, bearing its expenses in accordance with Article 17 of the Charter of the United Nations. His delegation was up to date with all its payments, including its contributions to the regular budget, the capital master plan, the International Criminal Tribunal for Rwanda and the International Tribunal for the Former Yugoslavia, United Nations funds and programmes and most peacekeeping operations.

61. The United States was responsible for a staggering 94 per cent of the shortfall in the regular budget. The situation was such that the United Nations might be forced to withdraw $148 million from the reserves before the end of the year, which could have an adverse effect on the Organization's financial stability in the future.

62. Many countries were unable to meet their obligations owing to economic difficulties or circumstances not of their making, or simply because of their situation as developing countries faced by more pressing problems and priorities. Even so, many managed to pay their dues. The situation of rich countries that failed to meet their obligations to the United Nations should be judged quite differently. It had become a commonplace to point out that the United States was responsible for a very high proportion of the Organization's debts, including contributions to peacekeeping operations, the international tribunals and the capital master plan. It might well be that the country deliberately delayed payment in order to further its own interests. Countries that withheld payments should be urged to comply with their obligations in order to ensure the proper functioning of the Organization. Payment of their dues was one of the many ways in which Member States could demonstrate their political support for the United Nations.

63. **Mr. Rosales Díaz** (Nicaragua) said that, more than ever, the United Nations had an important role to play in meeting threats to world peace and development. Without resources, however, it could do nothing. Until the announcement by the Controller that the United States had made a payment of $216 million, 94 per cent of the shortfall in the regular budget had been owed by that country, which still owed the Organization $495 million. He wondered by what moral right it demanded greater efficiency and productivity from the dedicated staff of the Secretariat, if, at the same time, it did not provide the resources to fulfil the mandates approved by the various legislative bodies. No Member State could accuse the United Nations of budgetary or management failures if it failed in its basic obligation to pay. Again and again, the Organization's precarious financial situation had been the result of late payment, particularly by the principal debtor. A State with enormous resources had no right to withhold its contribution as a way of putting pressure on the Secretariat in order to impose its own priorities.

64. It was deplorable that the Secretariat might be forced to withdraw $148 million from reserve accounts to make up for the shortfall. In that connection, he noted that the shortage of funds in the regular budget would be less pressing if there were a separate account for special political missions, whose budget had tripled over the last three bienniums. His delegation was also concerned at the $2.9 billion shortfall in the peacekeeping budget, 62 per cent of which was owed by the two main contributors. The effect was to hinder reimbursement of troop-contributing countries, largely from the developing world. Such reimbursements ought to be given priority.

65. The United Nations could not be strong or effective if it was constantly in a precarious financial situation. Nicaragua was a small but proud country which, despite its many economic and social problems, had paid its assessed contribution for the regular budget and the capital master plan in full. It would continue to meet its obligations.

66. **Mr. Farooq** (Pakistan) said that the Organization could not fulfil its mandates effectively without adequate and predictable resources. It was therefore imperative that Member States paid their assessed contributions in full, on time and without conditions. While the cash flow of the United Nations had improved, the overall budget picture was mixed, with a decrease in unpaid assessments compared to the previous year, but also an increase in unpaid assessments for peacekeeping operations to the staggering figure of nearly $3 billion. That shortfall affected the Organization's ability not only to deliver intergovernmental mandates but also to meet its financial obligations: Pakistan was currently owed over $55 million for peacekeeping operations, the largest sum owed to any one Member State. Despite financial difficulties, his Government had always responded to calls for assistance in maintaining peace and security and had paid its assessments punctually.

67. His delegation had reservations regarding the practice of cross-borrowing from the accounts of closed peacekeeping operations, which led to delays in reimbursements to troop-contributing countries, most of which were developing countries.

68. The key to improving the financial situation of the United Nations was for Member States to honour their financial obligations under the Charter. Nevertheless, the annual discussion of the issue invariably failed to produce any tangible result: it was therefore time to consider instituting a follow-up mechanism under that agenda item.

69. **Mr. Iosifov** (Russian Federation) said that the financial situation of the Organization remained insufficiently stable. Although the estimated cash balance at the end of 2008 would be higher than at the end of 2007 for the international tribunals and the capital master plan, his delegation was concerned that the balance for peacekeeping operations and the regular budget was expected to be lower, requiring additional borrowing from reserves.

70. His delegation was pleased to note that the debt owed to troop-contributing countries was $134 million lower than at the same time a year earlier. Nevertheless, a definitive solution had not been found to the problem of chronic indebtedness to those countries.

71. Although a larger number of Member States had paid their assessed contributions in full and on time, he noted with concern that, once again, a small group of Member States was responsible for the largest share of unpaid assessed contributions. Failure by Member States to meet their financial obligations to the United Nations could have a negative effect on its activities and expected outcomes. Those Member States that had borne the financial burden were entitled to expect,

from the Secretariat, rational financial planning and a realistic assessment of the resources required to fulfil approved mandates.

72. His delegation continued to believe that Member States must meet their Charter obligations diligently and unconditionally and must not use payment of their assessed contributions as an instrument of political pressure, so that the Organization could respond to emerging global challenges and implement its mandated programmes.

73. **Mr. Torres Lepori** (Argentina) said that his Government had ordered the transfer of over $16 million, which would retire some 80 per cent of its debt in respect of the regular budget. He was confident that the remainder of the assessed contribution for the regular budget and a significant portion of the assessed contribution for peacekeeping operations would be paid by the end of the year.

74. **Mr. Repasch** (United States of America) said that the comments made by the representative of Cuba were both fallacious and irrelevant.

75. **Mr. Cumberbatch Miguén** (Cuba), speaking on a point of order, said that under rule 115 of the rules of procedure, the United States must wait until the list of speakers had been concluded before exercising the right of reply.

76. **Mr. Repasch** (United States of America) said that he was not exercising his right of reply, but delivering a statement.

77. His Government strongly supported the United Nations, as had been evidenced, in part, by payments of hundreds of millions of dollars in assessed and voluntary contributions to the Organization in the current year. The delay in payments had resulted from a lack of synchronization between his Government's payment process and the United Nations billing cycle. Efforts were under way to make further payments of several hundred million dollars by the end of the year, which he trusted would help improve the financial situation of the Organization.

78. **Mr. Yamazaki** (Controller), responding to the request by the representative of Japan, said that the Secretariat would make an effort, in the interests of transparency, to report on the status of unpaid peacekeeping assessments in the second part of the resumed session.

Agenda item 118: Programme budget for the biennium 2008-2009 (*continued*)

United Nations Office for Partnerships (A/63/257)

79. **Mr. Dossal** (Executive Director, United Nations Office for Partnerships), introducing the report of the Secretary-General on the United Nations Office for Partnerships (A/63/257), said that the Office had three main components: partnership advisory services and outreach, the United Nations Fund for International Partnerships and the United Nations Democracy Fund. In 2007, there had been exponential growth in enquiries from private sector companies, foundations and civil society organizations that were interested in supporting the United Nations agenda, particularly the Millennium Development Goals.

80. Recalling that the original funding commitment by Ted Turner's United Nations Foundation had been for $1 billion, he noted that $405 million of that total had already been received. In addition, nearly $600 million had been received from other entities. A total of 400 projects had been implemented by 39 United Nations organizations in 123 countries in four main areas: children's health, women and population, environment, and peace, security and human rights. The high-level Millennium Development Goal event held in September 2008 had yielded total commitments of $16 billion from private sector and civil society entities, while a series of partnership events held concurrently had resulted in commitments of $10 billion from the private sector, civil society and governments. It was unique for the United Nations to hold such public-private dialogues.

81. The partnership with the United Nations Foundation had changed the way the United Nations worked with non-State actors. In response to the Secretary-General's emphasis on the need to address malaria through the use of insecticide-treated bednets, for example, the Foundation had launched the "Nothing but nets" campaign with 20 global partners, which had raised $20 million and purchased 1 million bednets. Another example was the Measles Initiative, which had reduced infant mortality by 68 per cent overall in six years, and by an impressive 91 per cent in Africa.

82. New initiatives included the Business Advisory Council for the Greater Tumen Region, which aimed to create an investment-friendly environment and foster economic development in north-east Asia. On the

Millennium Development Goals, such entities as the Global Business Coalition on HIV/AIDS and the Rockefeller Foundation, in partnership with the World Health Organization, had launched the "Windsor he@lth dialogues" to develop new systems for tracking disease, mainly in Africa.

83. The last component of the Office for Partnerships was the United Nations Democracy Fund, whose purpose was to strengthen the role of civil society. The Fund was involved in 205 projects — 64 in sub-Saharan Africa, 45 in Asia and the Pacific, 33 in the Americas, 26 in Europe, 20 in the Arab States and 17 of global scope — with funding of over $60 million contributed by a total of 35 States. Its systems and procedures were being improved, most recently through the electronic submission of applications. After internal review, those applications were reviewed by Resident Coordinators before being submitted to a 17-member advisory board comprising Member States and civil society actors.

84. **Mr. Rosales Díaz** (Nicaragua) said that the endeavours of the Office for Partnerships were important and called on the Executive Director to ensure that the trust funds he supervised were used for activities that complied strictly with the rules of the funds themselves and with the principles of the Charter, and were not exposed to manipulation by outside entities. Failure to do so could undermine the work of the funds.

85. **Mr. Cumberbatch Miguén** (Cuba) said, in support of the statement by the representative of Nicaragua, that the activities of United Nations organizations working with the Office for Partnerships must strictly comply with their terms of reference and the Charter and must refrain from attempting to influence a segment of the population. His delegation had always had reservations about the Democracy Fund because it had not been established by an intergovernmental resolution and its terms of reference had not been negotiated among all Member States. When it was set up, the assumption had been that democratic difficulties existed only in developing countries, an assessment with which his delegation disagreed.

86. **Mr. Alouan Kanafani** (Bolivarian Republic of Venezuela) associated himself with the comments made by the representatives of Cuba and Nicaragua and asked whether consultations were being held with recipient countries, as they were a crucial aspect of the activities being carried out under the auspices of the Office for Partnerships. In addition, he had understood that the Democracy Fund engaged in a consultative process and wished to know the identities of the bodies involved in that process.

87. **Mr. Dossal** (Executive Director, United Nations Office for Partnerships), responding to the comments and questions, affirmed his commitment to adhere to the principles of the Charter. Some procedures had recently been made more rigorous. For example, the technical review — whose purpose was to ensure that projects were consistent with the Fund's terms of reference, international priorities and the intentions of the United Nations — had been amended to include feedback from Resident Coordinators to ensure that those projects also met the requirements of recipient countries. Moreover, an additional step had been added in which a project would be submitted to the permanent mission of the recipient country for a review of its appropriateness before being submitted to the Secretary-General for approval. The Democracy Fund, whose purpose was to fund projects, often participated in meetings at the request of Member States or institutions but was not involved in any consultative process per se.

88. The Office's terms of reference would be streamlined in 2009 and would be presented to the General Assembly once they were in place.

89. **The Chairman** suggested that the Secretariat should prepare a draft decision whereby the Committee would recommend that the General Assembly should take note of the report of the Secretary-General on the United Nations Office for Partnerships (A/63/257).

90. *It was so decided.*

Agenda item 127: Administrative and budgetary coordination of the United Nations with the specialized agencies and the International Atomic Energy Agency

Budgetary and financial situation of the organizations of the United Nations system (A/63/185)

91. **Mr. Lalli** (Secretary of the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination), introducing the note by the Secretary-General transmitting the

statistical report of the United Nations System Chief Executives Board for Coordination (CEB) on the budgetary and financial situation of the organizations of the United Nations system (A/63/185), said that the report was the only system-wide source of financial statistics for the organizations of the United Nations system based on official data contained in the organizations' audited financial statements. The data were collected every two years by the CEB Secretariat, as mandated by General Assembly decisions 47/449, 53/459, 57/557 and 57/558. Reports had originally been produced by the Advisory Committee on Administrative and Budgetary Questions, but the task had been taken over by CEB.

92. There was a growing demand for system-wide financial information on the part of Member States, the public, the press and, increasingly, the United Nations system organizations themselves, while the report of the High-level Panel on United Nations System-wide Coherence in the areas of development, humanitarian assistance and the environment (A/61/583) had called for comprehensive and harmonized system-wide data warehouses. In response, the CEB secretariat had invested significant time and effort in improving the quality, comprehensiveness and reliability of the data published. In particular, the latest version of the survey included comprehensive data on income and expenditure relating to extrabudgetary resources from Governments as well as non-State donors. A total of 31 organizations had provided data, far more than in the previous biennium. Participating organizations had also double-checked and validated data provided for past surveys, thus refining the overall quality of the survey. The data contained in the CEB database on three consecutive bienniums made it the most complete record of the organizations' financial situation and the most publicly available. The increasing number of hits on the CEB website, and the increasing number of queries about the information provided, confirmed the growing interest in the survey.

93. The tables, which covered regular and extrabudgetary resources, total expenditure, assessed contributions and working capital funds, would shortly be accompanied on the CEB secretariat's website by an analysis of the figures and by charts on various trends over recent years.

94. **Ms. Tomita** (Japan), after welcoming the statistical report and commending the improvements that had been made to the format, asked why no data on assessed contributions for peacekeeping operations were included with the information on the funds and programmes. Information on such contributions would make the report more comprehensive.

95. **Mr. Cumberbatch Miguén** (Cuba) said that, although his delegation was concerned at the number of contributions to the finances of the United Nations that were made on an extrabudgetary basis, it was grateful for the contributions made by the countries that were in a position to do so. It was, however, unfortunate that the provenance of such contributions led to distortions in the way that some programmes were run. His delegation wished to draw attention to divergences between the English and Spanish versions of the note by the Secretary-General (A/63/185). In a further illustration of the lack of care in translating important United Nations documents into Spanish, the Spanish version was missing tables 7 and 8.

96. **Mr. Lalli** (Secretary of the High-level Committee on Management of the United Nations System Chief Executives Board for Coordination) said, with regard to the point raised by the representative of Japan, that assessed contributions for peacekeeping operations had been deliberately omitted from the report because the relevant information was readily available in other documents that appeared more frequently than the statistical report. The latest version of the report had addressed many of the constructive suggestions put forward by the delegation of Japan, but it had been decided not to include assessed contributions for peacekeeping operations. That decision might be reconsidered, however, particularly with regard to the online version, which was much broader and in which information could be integrated with charts and other information on peacekeeping expenditure.

97. **Mr. Abelian** (Secretary of the Committee) said that he would inform the Department for General Assembly and Conference Management forthwith about the omission of tables from the Spanish text of the report.

98. **The Chairman** suggested that the Secretariat should prepare a draft decision whereby the Committee would recommend to the General Assembly that it should take note of the note by the Secretary-General transmitting the statistical report of the United Nations System Chief Executives Board for Coordination on the budgetary and financial situation of the

organizations of the United Nations system, as contained in document A/63/185.

99. *It was so decided.*

100. **The Chairman** informed the Committee that the draft decision would be issued as document A/C.5/63/L.3 in the six official languages and that action thereon would be taken at a later date.

The meeting rose at 12.45 p.m.